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^THE REUTER TRANSCRIPT REPORT@  
PRESS CONFERENCE WITH SENATOR JOHN WARNER (R-VA),  
SENATOR DENNIS DECONCINI (D-AZ)  
SENATOR BOB KERREY (D-NE) AND  
SENATOR BOB GRAHAM (D-FLA)

TOPIC: INTELLIGENCE LEGISLATION

SENATE RADIOTV GALLERY

MARCH 17, 1994

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SEN. DECONCINI: Thank you ladies and gentlemen.

Today, Senator Warner and I are introducing legislation  
which we believe will go a long way toward improving the  
counter-intelligence and security posture of the United States.  
And joining us today is Senator Kerrey, Senator Graham as  
co-sponsors along with Senator D'Amato and Senator Gorton and  
Senator Chafee, Senator Bryan and Senator Johnson and I'm  
pleased that former chairman Senator Boren has also co-sponsored  
this legislation along with former vice chairman Frank  
Murkowski.

We've have all been shocked by the recent arrest of the  
CIA, of Ames and his wife, on charges of spying first for the

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Soviet Union and then Republic of Russia. Allegedly this began way back in 1985 and lasted until the time the couple were arrested just several weeks ago. Like most Americans, this is a shocking event that such activities

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could have gone so far without detection by an agency which we thought had very stringent security procedures. In the weeks since that arrest, the Select Committee on Intelligence has been exploring what went wrong and how best to try to fix it. While we are a long way from completing our inquiry into this event, several points have become clear.

First, the CIA and other intelligence agency actually require little in the way of information from their employees which might tip them off to espionage activities. Our bill addresses this. It would require all employees of intelligence agencies as a condition of their employment to consent, to access by the government to their tax returns, financial records and travel records. It would further require that all such employees who are in critical intelligence position as defined by the bill, must make detailed financial disclosures and continuously update them for so long a they pull such position and for ten years thereafter or until they leave the government service. It would also provide additional legal authority needed by the intelligence agencies and by the FBI to obtain access to those records needed for counter-intelligence investigation such as credit cards, accounts -- investments information accounts, mutual funds, mortgages, etc.

It is also clear that there has been a problem between the CIA and the FBI in terms of their cooperation on counter-intelligence investigation. And while there may be an understanding and an understandable desire on the part of the CIA to protect the identity of its intelligence sources, it cannot be allowed to be an obstacle where investigation of counter-intelligence problems are a concern and this bill contains several provisions designed to encourage if not mandate improvements in this present situation.

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I do not stand here for a minute and say that this bill is going to stop espionage. There is no panacea, no guarantee, but it does do several things to make it more difficult for spies in our intelligence agency to escape detection, to make it more likely for them to trip themselves up, to improve the ability of our counter-intelligence and security agencies, to identify culprits, and to facilitate the prosecution, and this is what our bill attempts to do. It builds upon legislation that was introduced by Senator Boren and Senator Cohen in 1990, and I want to take this opportunity to acknowledge the contribution that both of these distinguished senators have made not only in this effort, but in general areas of intelligence oversight as chairman and vice chairman of the Select Committee on Intelligence. Senator Warner and I thought it desirable to develop a new bill to address more directly the problems that are apparent in the Ames case, and to reflect the development since the 1990s, when the original legislation was introduced. None of this is etched in stone.

I have talked to Senator Boren at some length, he is very interested in the subject matter. We will ask him if he wants to testify, as well as Senator Cohen, and Mr. Jacobson, and bring this up to date. This is an important legislative step because I think it clearly indicates that things are broken at the CIA and need to be fixed. We are not saying that we have the total fix here, but at least we're going to get started with the hearing process and move on.

Senator Warner.

SEN. WARNER: Thank you very much, Mr. Chairman. I join the chairman in acknowledging, praising indeed, the contributions of a number of senators, primarily Senators Boren and Cohen in this area.

Let me try and simplify and try to describe what it is we've done in this bill today, in sort of layman's language.

In my press release, which I'll hand out here momentarily, I went back and researched what happened to the efforts of our predecessors and why did not the Congress act on them in a timely fashion in 19 -- say in '89 and '90. It was because there was a great resistance to the invasion of personal privacy that

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accompanied these proposals.

Well now, in my judgment, this bill tilts the scale in favor of national security, and recognizes that those who work in these areas must accept a level of invasion of their personal privacy in order to protect national security. That's the essence of it.

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Also, Director Woolsey, and consulting with the chairman and members of our committee, indicated that he needed the authority to go into the public sector -- the private sector and determine from brokerage accounts, travel accounts, bank accounts, exactly what the status of an individual, and at the same time preclude those public sector entities from tipping off candidly the employee that such an investigation was underway. That's the most important tool that we have to achieve.

And regrettably the history shows that those limited instances in our history of espionage, going back to the aftermath of World War II, the '40s, and the '50s, and the '60s, it was primary ideology which turned an honest individual into a turncoat against his or her nation, but today it's the dirty dollar, and therefore we have to focus on these financial disclosure -- the ability to go into the private financial life of an individual in order to deter and if necessary quickly ascertain the presence or absence of a violation of our law.

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I also want to close by saying that our nation has been well served throughout its history by hundreds of thousands of individuals who have dedicated their careers, and many who have given their life and their limb in the cause of freedom, in the public service of intelligence. The tragedy of this case should not in any way taint their dedication to this country, and I'll have further to say about that in the course of my discussions on the floor.

SEN. DECONCINI: Senator Kerrey.

SEN. KERREY: I'll add simply that it may seem anachronistic for us to still be operating intelligence agencies at all, however I think the public needs to understand that there are still very vital secrets that the nation needs to maintain, that though threats have changed they are still very real. What this legislation attempts to do is to provide the security that we need to keep the nation safe. And I'd go further and say that none of us expect that this law all by itself is going to get the job done. It will take a substantial management effort to change the attitude inside the agency. No law itself is going to be able to solve this problem. It will take an attitude of duty, honor, country, and I expect and hope that the director of the Central Intelligence Agency will also be taking administrative actions of his own.

SEN. DECONCINI: Senator Graham.

SEN. GRAHAM: Thank you. Mr. Chairman, I am very pleased to join you and our other colleagues in co-sponsorship of this legislation. I believe this legislation will make a positive contribution to increasing the security of our nation's most sensitive information. I recognize, however, that legislation alone will not solve this problem.

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It is going to take a combination of adequate laws and a commitment to enforce them. I have been concerned at what I have seen in my relatively short service on the Intelligence Committee as an insularity in the intelligence agencies, a limited willingness to reach out to other similar organizations as legitimate sources of information and ideas as to how to effectively manage.

The example which I have used is the fact that many law enforcement agencies have counternarcotics units which are subjected to the same economic temptations that we have just found in the CIA. For many years, those agencies have had steps and procedures, some quite similar to those suggested in this legislation, in order to protect themselves against that kind of co-opting influence.

I believe that the challenge is not going to be just in the adoption of appropriate legislation, but also a challenge to the leadership of the agency to adopt a culture that is more open to external ideas and is more aware of the reality of the world in which they live. I believe this is a great opportunity for Director Jim Woolsey, a man of unusual intelligence and depth of background in this field, to show his leadership by moving the agency into a direction in which it will warrant by action the necessary confidence that it must have from the American people if it is to continue to serve its purpose.

SEN. DECONCINI (?): Questions?

Q Senator DeConcini, is it your intention under this bill that the CIA randomly investigate employees' financial records or would it just be used if they were tipped off about someone?

SEN. DECONCINI: Well, first of all, all employees would have to consent that their financial record -- that they would fill out a financial disclosure statement and certain records would be available. Above that, those selected by the agency that are in significant areas determined by the agency head would then be subjected to being identified and subject to further financial disclosure statements and have to permit access to certain records.

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Yes?

Q Senator, can you elaborate on the definition of an employee with a, quote, ``critical intelligence position,'' and estimate how many employees this might affect?

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SEN. WARNER (?): We're not sure how many it would effect, and that's one of the differences between this bill and the bill that was introduced in 1990. It covered everybody with a top secret coverage, which is between 7 hundred thousand and 800,000 at best -- or at least.

We're not absolutely sure how many this is because this would be determined by the agency as to designating these areas. We feel that there has to be some flexibility and some discretion in making those designations, so it is not a blanket.

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We will visit that in the hearing to see whether or not that's tight enough. Obviously we want to have a big enough net that someone like Ames would not fall through. I think it's very clear that he would fall into this. How much lower must we go? I think we're talking about -- I'm speculating now -- 25,000, 30,000 people versus 700,000 or 800,000.

Q Can you elaborate on your definition of an employee who would hold one of these positions?

SEN. DECONCINI: Well, we will -- you know, it's not in the legislation. We set forth some indication of what we -- what we would want the agency to make that determination. We will have testimony as to where they think that would fall and who that would cover.

Q Senator?

SEN. DECONCINI: Yes, sir?

Q Director Woolsey said the other day that --

SEN. DECONCINI: Pardon. It is in the legislation?

MR. : Yeah, the three basic areas.

SEN. DECONCINI: I'm sorry. Let me have a copy of it, will you?

Q Director Woolsey said the other day one of the problems of the CIA using currency transaction reports to question an employee like Mr. Ames is that the banks, by law, have to alert the depositor that the government is making an inquiry, and he would like some legislation to waive that requirement --

SEN. WARNER: That's the tip-off provision. That's in this bill. They would not alert them, and that -- you have to change the law to do that.

Q You're building a big trail here -- credit cards, banks, investments, et cetera. How do deal with -- (inaudible) -- cash -- payments -- (inaudible) -- in cold cash and they're



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never --

SEN. DECONCINI: Well, you would have access to a number of their records that you don't now, such as investment funds, mortgages, if they paid a mortgage off; it's very difficult to know that now. You

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can go and track the public record of a mortgage on the property, but if it is paid off with satisfaction it is not recorded, or if it's not all paid off so a satisfaction is recorded you wouldn't know that. You can go to the institution that holds that mortgage under here and get that information.

Q (If it's paid off ??)

SEN. DECONCINI: Yes, sir. That would be just one inference. You could go to a mutual fund and see what kind of balances they held in those accounts, which you can't do now.

Q Aside from the limitation of this bill to the intelligence community, what are the other differences between this and the Cohen legislation?

SEN. WARNER: Is my release out there? Thank you very much.

SEN. DECONCINI: Do you want to mention that -- yeah, you have a -- yeah, do you want to address that, John?

SEN. WARNER: I've got it all right here.

SEN. DECONCINI: I have it, too, but you have it already -- (inaudible).

SEN. WARNER: All right, thank you.

Let's take the principal areas in which there is a difference. For instance, the DeConcini-Warner bill applies to all employees of intelligence agencies, whereas the Cohen bill -- Boren bill is limited to individuals with just a top secret clearance. That's one.

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Our bill also contains a key provision that is not in the Boren bill, that is it prohibits the private sector -- it's the tip off provision. We have in our bill also two new provisions. The first of these permits the FBI access to tax returns in counter-intelligence cases. The second intends the criminal portrait provisions of the drug enforcement statute. I am pleased that that's a statute that I had a lot to do with years ago here in the Senate, and now we can -- similar to the forfeiture asset provision of that drug -- get the assets connected with counter-intelligence. Now our bill establishes a new misdemeanor offense for the removal of classified documents to an unauthorized location.

So we have incorporated many of the ideas from the Cohen-Boren bill and strengthened others.

Anybody else, thank you very much.

Q Just one question. How much concern do you have -- (off mike) -- Ames case -- (off mike) -- what concerns do you have that there could be another high ranking mole dug into the CIA, particularly in light of the warning to Mr. Ames about using computers?

SEN. DECONCINI: Well, I don't want to leave any misimpressions that there is another mole, I have no indication that there is. But I am very concerned that with Ames being able to slip through that that is a possibility, and I think people are aware of that, and there is a great deal of effort going on to be sure, or to take whatever action can be taken to attempt to satisfy that that isn't occurring, and I have no information that it is. But I can't help but be worried about it, the fact that this could go on this long.

Q Is that ever going to be stabilized -- (off mike)?

SEN. DECONCINI: Well, I think Mr. Woolsey has already been quoted that obviously this is devastating to the morale in the agency, and that's one of the costs of such a disclosure as the Ames case, and of course the public criticism goes along with it. But I have tried to save, and though I have been critical of the agency in not taking certain actions, and now I praise the director for taking some of those actions, that the bulk of the

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people who work in the intelligence community, whether the CIA, or NRO, or NSA, are outstanding people that contribute an immense amount of talent and give, and give, and even sacrifice their well-being in many cases.

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And I think it's important that we not throw the baby out with the bath water. But the reality is when there is this kind of a tragedy that occurs, like I consider this, morale is going to be down. And this is not a reflection on those who are there that are law-abiding and hardworking people that put in 12, 14 hours a day..

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It's to attempt to stop and to reflect on what went wrong and to correct. It's broken -- clearly it's broken, and we are attempting to fix it in a constructive way without a massive reduction in their budget or other possibilities.

Q Senator DeConcini, can I ask you something on a different topic? Senator Dole is introducing an amendment to the Banking Bill on the Whitewater case, and they want hearings to start out the initial phase of the investigations. Now would you support that?

SEN. DECONCINI: No, I will not at this time. I think hearings will come, and properly so, but I think it's very clear that in my opinion we should wait and follow the advice of the special counsel, Mr. Fiske.

In the past cases where we have called for hearings and I have called for hearings, we did not have a special counsel who came forward very clearly in writing asking us not to proceed at this time. And I think that's the wise judgment and the right thing to do, and I'm sorry that Senator Dole and others feel differently, and I respect their right to feel differently. But I think following the advice of the special counsel makes imminent sense -- if not political sense, certainly good common sense, and the right thing to do.

Q Senator Warner, do you want to comment?

SEN. WARNER: I take a different view on that. Senator Dole puts forth this amendment after a careful deliberation, and it is his view -- and I share in that view -- that we will not, by virtue of the hearings, in any way jeopardize the efforts of the special counsel, but we will fulfill the obligation of the legislative branch. Our obligation goes far beyond that of the special counsel, and while he's covering important ground, there is a broader field of inquiry which the Congress is obligated to analyze, and you can only do that through hearings.

SEN. DECONCINI: I don't question -- I don't question the need for hearings at a proper time. I think it's a matter of when, and I agree with Senator Warner. The Congress has an obligation and we'll have to meet that, but I am fearful of hearings because I don't see how you get away from immunity once

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a witness comes forward and takes the Fifth Amendment. Then if you don't proceed with a thorough investigation, then it's either charged that you're covering or you're soft on the issue, and I think Congress just puts itself in a worse position.

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Q Senator, back on Ames, aside from the disclosing of the identities of a number of cooperating agents overseas, what do you feel is the worst damage that may have occurred from this case?

SEN. DECONCINI: Well, we don't have a damage assessment, and we have been promised a review and some specifics on that when it's put together, so I don't have details on it.

I start from the basis, on these types of cases, with my limited experience in this area that you assume that he disclosed everything that was available to him, and in his position, the positions that he had at the agency, even when he was in Rome, he had access to a great deal of information, not only sources and methods, but all types of cryptics, codes and many, many things. And I assume that he disclosed them all.

Now that's an assumption, but I think you have to go on that basis. That's what a damage assessment is to do, is to try to define and be more specific so we know exactly what the damage is, or as precisely as we can.

Q What is the rationale behind having your bill not cover people with top secret clearance outside of the intelligence community? Is it a matter of -- (inaudible) -- or is it a matter of logistics?

SEN. DECONCINI: I think Senator Warner and I wanted to concentrate on the intelligence community and focus on that and -- particularly counterespionage, but the purpose of our bill is -- and the purpose of our committee oversight is here. We thought about expanding it and doing it government-wide, but really, our charge is to try to get a hold of this, and that's what the bill tries to do.

SEN. WARNER: May I add, though, we do extend jurisdiction to staff members in the legislative branch.

SEN. DECONCINI: That's right.

SEN. WARNER: So we put that around.

I have a few comments on Oliver North, should anybody be

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interested.

SEN. DECONCINI: Thank you, John.

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SEN. WARNER: Thank you. I'll be down to the floor momentarily.

(Pause.)

My comments are as follows with respect to Oliver North. I have here a letter from President Ronald Reagan dated today addressed to a former colleague here in the United States Senate, and I will momentarily give this letter to you.

By way of background, Oliver North has stated the following publicly. President Reagan, quote, ``knew everything,'' end quote, with respect to Iran-contra. President Reagan directed him, Oliver North, to lie to Congress. And thirdly, he -- Oliver North -- regularly briefed President Reagan in private meetings.

Those are three examples that Oliver North has cited frequently to enhance his (stature ?) and his qualifications to become a United States senator. When he announced his candidacy, I spoke out very forthrightly in opposition, and at that time I called on President Reagan to set the record straight.

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Others have joined me in that effort, and I'm pleased today that the president has written such a letter and made it public. And I will read the operative paragraph.

President Reagan said -- and I quote: ``But I do have to admit that I'm getting pretty steamed up about the statements coming from Oliver North. I never instructed him or anyone in my administration to mislead Congress on Iran-contra matters, or anything else, and I certainly did not know anything about the Iran-contra diversion. In fact, as you know, the minute we found out about it we told the American people and called for investigations. And the private meetings he'' -- that is North -- ``said he had with me just didn't happen.''

So, in my judgment, this letter clearly shows that Oliver North betrayed his president, our president. He's continuing to betray the people of the Commonwealth of Virginia in his search to become the nominee for the United States Senate. And I think if this man has any, any understanding or adherence to the oath of office he took of duty on our country, now is the time for him to withdraw from this Senate race.

Any questions? Yes?

Q In the letter he -- Reagan doesn't really go into how he feels about all of these -- (inaudible) --

SEN. WARNER: Well, he sticks to his 11th commandment --

Q (Inaudible) -- your conversations, did you get a sense of what he really feels about Ollie North at this point?

SEN. WARNER: It's in one phrase: ``I'm getting pretty steamed up.''

That is short of the mark.

Thank you very much.

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